

VZCZCXRO9003
PP RUEHDBU
DE RUEHMO #4550/01 2600815
ZNY CCCCC ZZH
P 170815Z SEP 07
FM AMEMBASSY MOSCOW
TO RUEHC/SECSTATE WASHDC PRIORITY 3878
INFO RUEHZG/NATO EU COLLECTIVE PRIORITY
RUCNCIS/CIS COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 004550

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E.O. 12958: DECL: 09/13/2017

TAGS: PINR PREL ECON UK

SUBJECT: MFA FRUSTRATED WITH UKRAINIAN POLITICS, SATISFIED WITH DEVELOPMENTS IN BELARUS

REF: A. MOSCOW 4065

1B. MOSCOW 4247

1C. MOSCOW 4315

Classified By: POLITICAL M/C ALICE G. WELLS FOR REASONS 1.4 (B,D)

11. (C) Summary: MFA Director for Ukraine, Belarus, and Moldova Viktor Sorokin told us that while senior-level contact with Ukraine continues, Russia is growing frustrated with the virtual paralysis in bilateral relations. Russia places most of the blame for the stagnation on the "divided and preoccupied" Ukrainian government. MFA contacts stress that in the absence of a stable and unified government, Russia has failed to make progress on its key concerns in Ukraine, including "synchronized" entry into the WTO, Ukraine's possible NATO accession, status of the Russian language in Ukraine, and increased bilateral trade, but is pleased with its "problem-free" energy relationship. Russia maintains low expectations for the upcoming parliamentary elections in Ukraine (and attributes Yushenko's renewed poisoning allegations to the electoral fray), but Moscow perceives that a Yushenko-Yanukovich coalition would be the best-case scenario for Ukraine and Russia. On Belarus, Sorokin echoed the comments of other MFA officials that Russia is satisfied with its decision to alter the relationship with its western neighbor, underscoring that the Lukashenko regime is listening to Russian advice on economic and even political reform. End Summary.

Contact with Kyiv Continues...

12. (C) On September 14, MFA Second CIS Department Director Viktor Sorokin told us that, despite the political dynamics in Ukraine, Russia maintains senior-level contact with Ukraine. He cited as examples the August 21 Putin-Yanukovich meeting on the margins of the MAKS Air Show in Russia and FM Lavrov's upcoming bilateral meetings with FM Yatsenyuk on the margins of UNGA and in the border area of Belgorod. He also pointed out that Presidents Putin and Yushenko still plan to meet for the next Russia-Ukraine Intergovernmental Commission meeting in Moscow, following the Ukrainian parliamentary elections (ref A).

...But Relations Could Be a Lot Better

13. (C) An exasperated Sorokin then dedicated most of our meeting to identifying the problems in Russian-Ukrainian relations. He stressed that Russia's relationship with Ukraine is one of its "most challenging and problematic." Sorokin claimed that an array of political, economic, humanitarian, border issues remain unresolved, partly because domestic politics and nationalist tendencies in both countries hinder progress (ref B). However, Sorokin placed most of the blame for the paralysis in the relationship on Ukraine.

¶4. (C) Sorokin and other MFA officials argue that since 2004, the "divided and preoccupied" Ukrainian government has devoted little attention or interest to addressing Russia's most serious concerns in Ukraine: a "synchronized" entry into the World Trade Organization, as opposed to Ukraine's "rush" to enter before Russia; Ukraine's possible accession to NATO, the status of the Russian language in Ukraine, and increased bilateral trade. Signaling growing GOR impatience with the perceived stagnation in Ukrainian politics, Sorokin argued that bilateral ties would improve significantly if the GOU "did the humane thing" and classified Russian as an official language.

¶5. (C) Sorokin noted that another GOR concern is Ukraine's sale of arms to Georgia. He insisted that political considerations were involved in the arms sales, noting that the arms supplies contravened OSCE principles about arming countries in which there is conflict.

¶6. (C) When we pointed out that despite these areas of tension, bilateral trade is on the rise (\$23 billion in 2006 and a projected \$28 billion in 2007), Sorokin said the GOR remains convinced that trade figures would be significantly higher when Ukraine determines its political course. Sorokin noted that one of the few bright spots in the relationship is the "virtually problem-free" cooperation in the energy sector. (Comment: Sorokin's comments about the energy relationship do not jibe with what we observe -- energy ties remain plagued by a combination of mutual dependency and mistrust. Russia and Ukraine continue to negotiate prices for future gas supplies. If anything, Russia may have fewer complaints about the energy relationship than Ukraine. End comment.)

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Yushenko's Allegations Only Add Fuel to the Flame

¶7. (C) Sorokin added that Yushenko's recent public statements about Russia's continued failure to cooperate with Ukraine's investigation on his poisoning in 2004 "certainly does not help matters." When asked to what extent Yushenko's allegations are accurate, Sorokin deferred such inquiries to the General Prosecutor's Office, but he claimed to be unaware of any GOR obstruction. He speculated that Yushenko's decision "to wait until now" to voice his concerns was merely an election campaign tactic to stir up more support for his party in the upcoming Ukrainian parliamentary elections.

MFA Predictions, Hopes for Ukrainian Elections

¶8. (C) According to GOR assessments, four parties will likely win in the Ukrainian elections (in descending order): 1) Yushenko's Party of Regions, 2) Timoshenko's Bloc, 3) Yushenko's Our Ukraine-People's Self-Defense bloc, and the Communist Party. He pointed out that the Communists in Ukraine, "as in Russia," are on the rebound and are gaining traction in urban and rural centers. Sorokin predicted that the star of the elections will be Timoshenko. Timoshenko's bloc has made significant inroads in eastern Ukraine, which is traditionally Yanukovich territory, and has maintained her support in Kyiv and western Ukraine.

¶9. (C) However, Sorokin said the GOR doubts the upcoming elections in Ukraine will have a fundamental impact on Ukraine's political future. Given Party of Regions' prospects for capturing a plurality of votes, Sorokin commented that Yushenko "could take the easy route" and form a coalition with the Communist Party. However, in such a scenario, Sorokin predicted that Yushenko would be forced to reach a compromise with Timoshenko, which could result in the reappointment of Timoshenko as Prime Minister. Sorokin claimed this development would only further polarize the

country and keep Russian-Ukrainian relations in a box.

¶10. (C) According to the MFA, the best-case scenario for Ukraine -- and for Russia -- is if Yushenko and Yanukovich agreed to form a coalition. Sorokin argued that this is the only coalition capable of establishing a national consensus and restoring stability to Ukraine. Recognizing the obvious difficulties in the formation of such a coalition, Sorokin said that, for the sake of Ukrainians and the region, Yushenko and Yanukovich had to be willing to "meet each other half way." Noting that Russian economic interests are at stake, Sorokin openly admitted that Russia is trying to convince "all sides at all levels" to reach such a compromise. Sorokin repeated several times that Russia is only interested in Ukraine's stability and predictability.

Relationship with Belarus on the Right Track

¶11. (C) While noting a slight deterioration in the socio-economic situation in Belarus, Sorokin expressed GOR satisfaction with its decision to shift to market relations with Belarus. Echoing the comments made by his deputy in a previous meeting, Sorokin said that the Lukashenko regime may not like to pay higher prices for Russian oil and gas, but Belarus is now in "a better position" to heed Russian calls for reform (ref C). Sorokin maintained that, regardless of the rhetoric from Lukashenko and other GOB officials, the regime is accepting Russian advice on "economic and democratic reform." Sorokin claimed that Russia's preference to combine economic pressure with sustained engagement -- and not "simply pressure and isolation" -- is the most effective approach to integrating Belarus into the international community.

¶12. (C) Despite the recent shuffle in the GOR, Sorokin said PM Zubkov will likely agree to keep September 21 as the date for the planned Belarus-Russia Council of Ministers meeting in Minsk.

Comment

¶13. (C) Russia clearly wants to keep a hand in Ukrainian politics but seems careful not to repeat the same mistakes of ¶12004. Although the MFA listed a number of bilateral issues that it claims are held hostage to Ukrainian politics, Moscow will likely maintain a low profile in Ukraine until the issue of NATO membership resurfaces in the Ukrainian national debate. Russia is betting that a Yushenko-Yanukovich coalition would effectively keep the thorny issue on the back

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burner of Ukrainian politics.
Burns